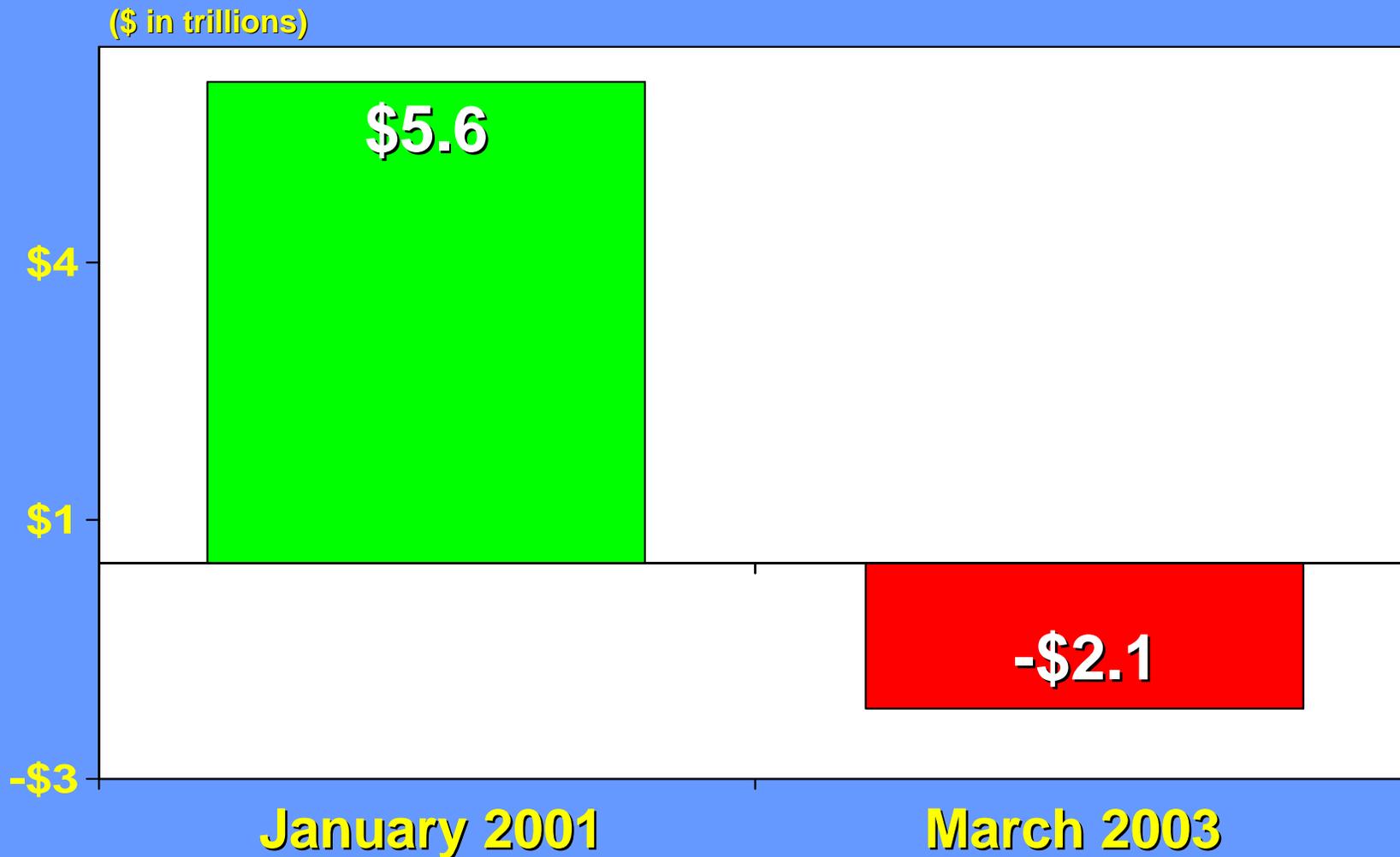
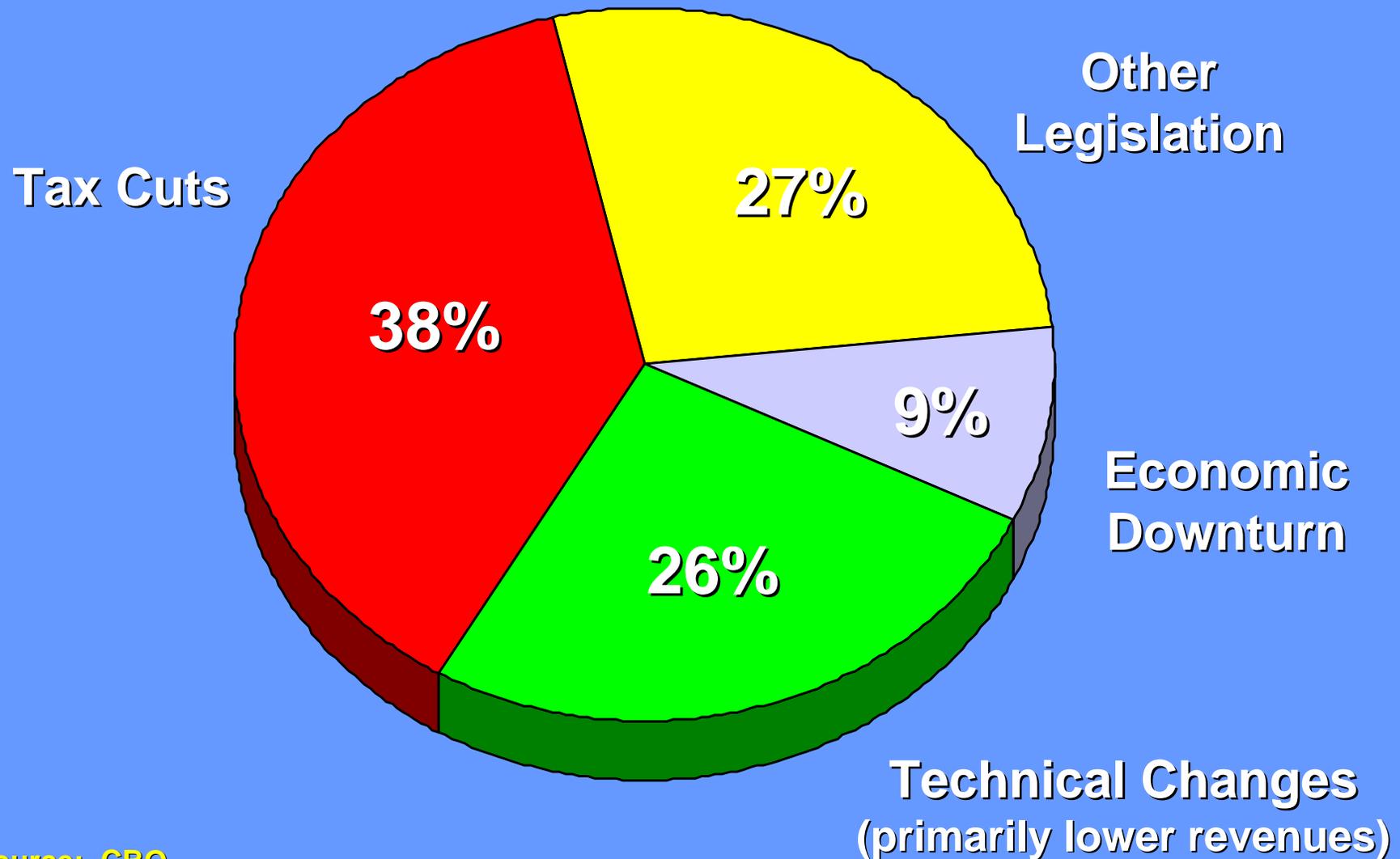


Unified Surplus Disappears Under President's Budget Policies Nearly \$7.7 Trillion Reversal in 2 Years (FY 2002-2011)



Source: January 2001 - CBO January 2001 baseline.
March 2003 - CBO reestimate of President's policies.

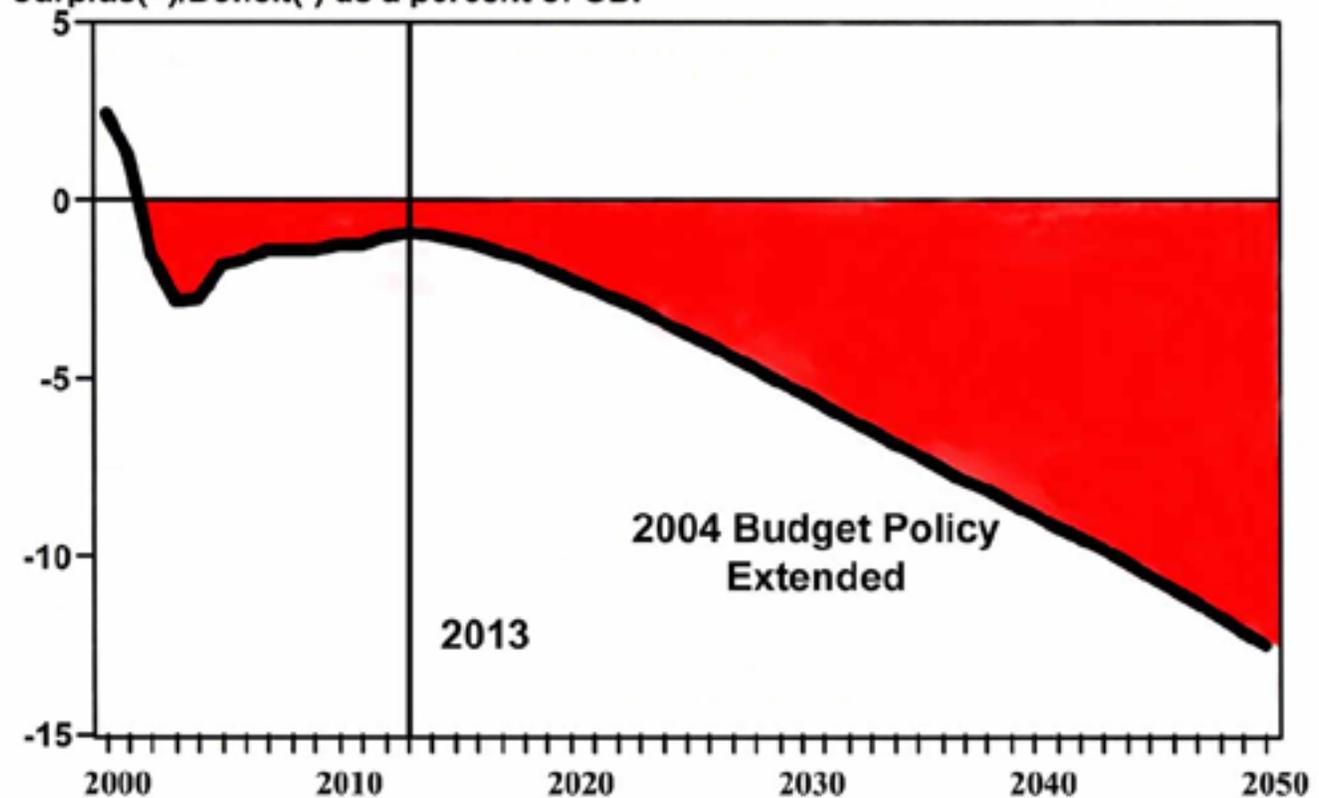
Reasons for \$7.7 Trillion Reversal in Surplus Projections January 2001 through March 2003



Source: CBO

The Next Ten Years: The Budget "Sweet" Spot

Surplus(+)/Deficit(-) as a percent of GDP



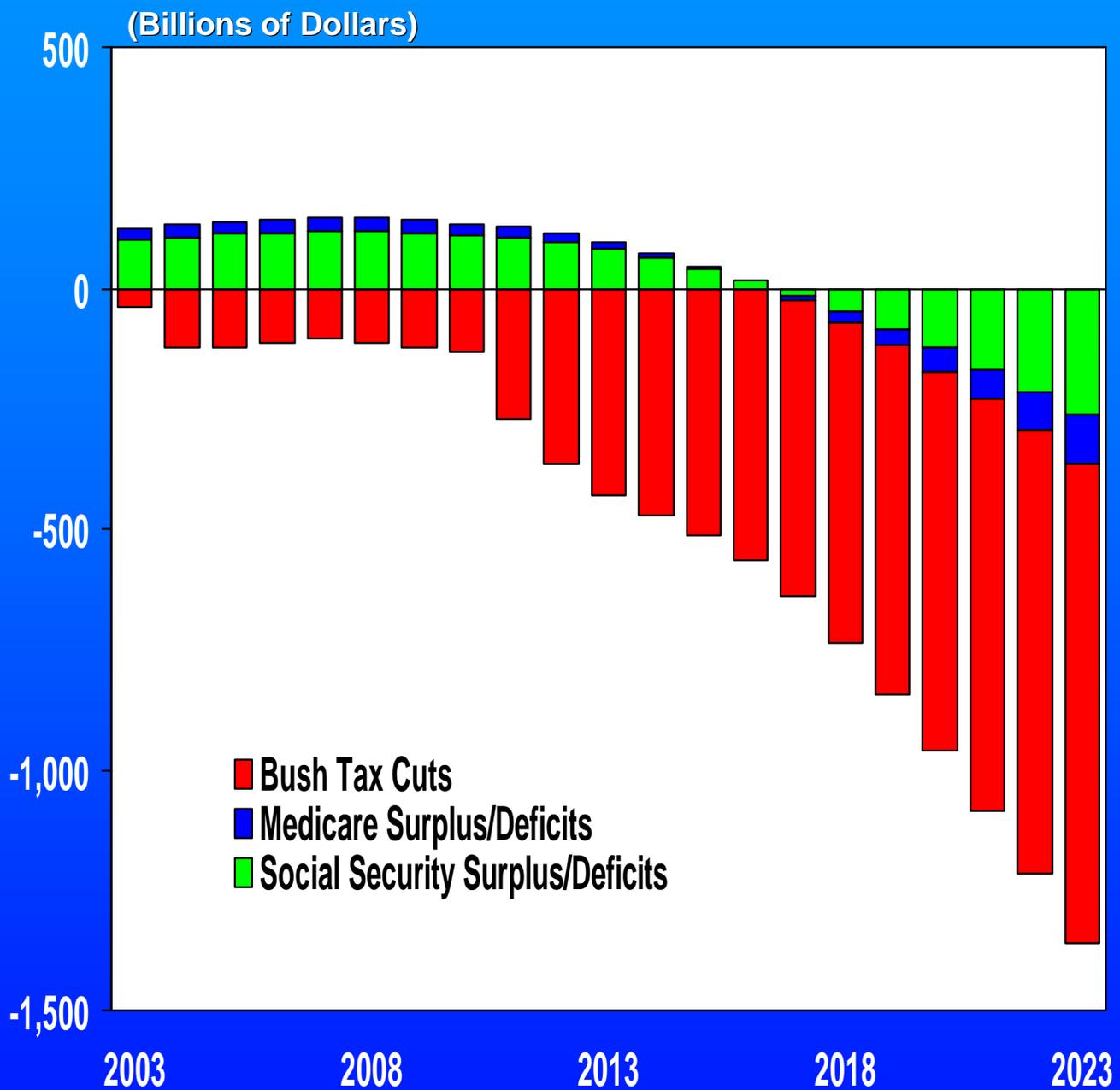
Source: President's Budget for FY 2004, Analytical Perspectives, p. 43.

Fed Chairman Alan Greenspan Believes Deficits Matter

“There is no question that as deficits go up, contrary to what some have said, it does affect long-term interest rates. It does have a negative impact on the economy, unless attended.”

**–Testimony before the Senate Banking Committee
February 11, 2003**

Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits FY 2003-2023



Source: 2002 Trustees Report, CBO, and Senate Budget Committee Staff
Note: Tax cut includes associated interest costs.

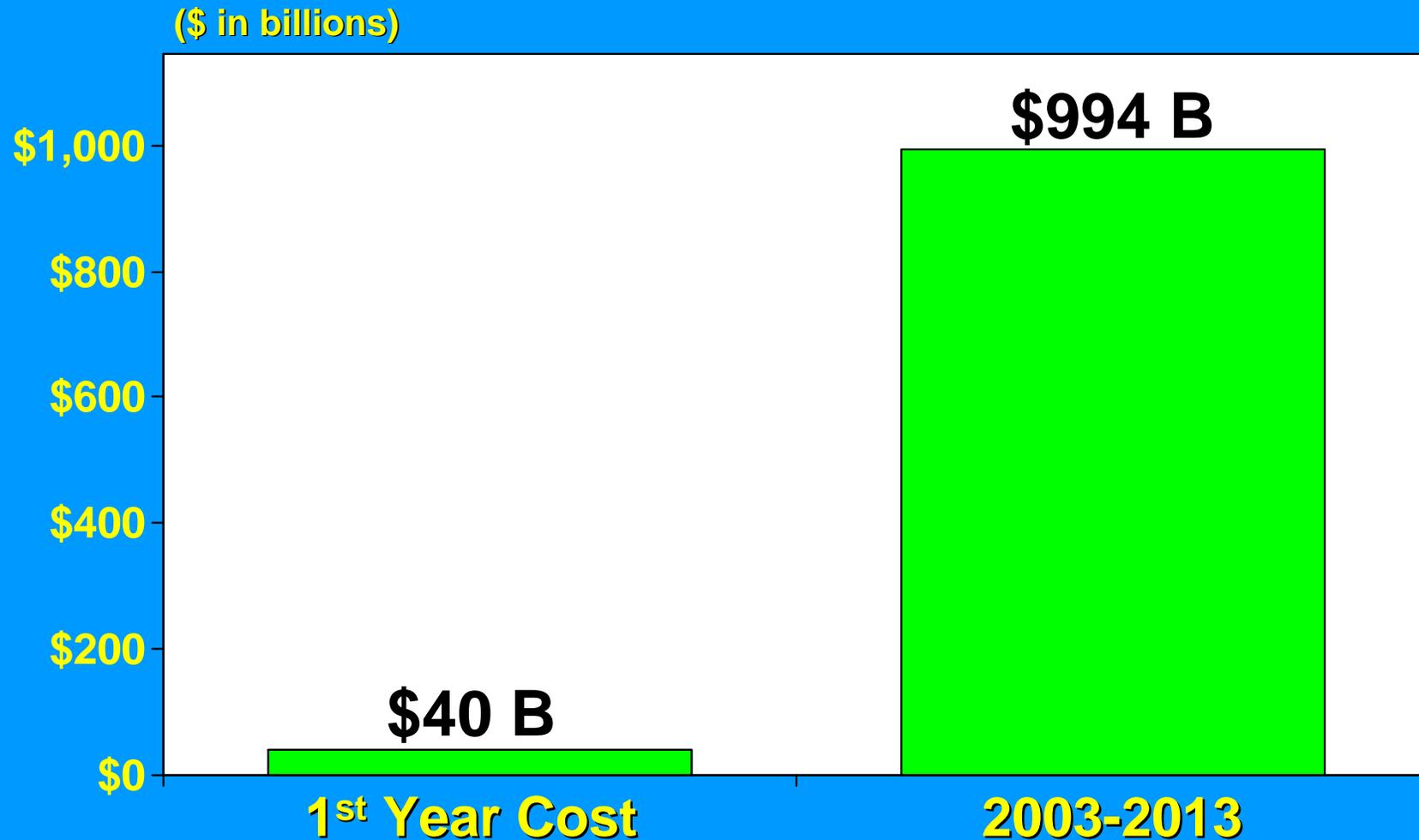
Director Daniel Crippen on Future Needs

“Put more starkly, Mr. Chairman, the extremes of what will be required to address our retirement are these: We’ll have to increase borrowing by very large, likely unsustainable amounts; raise taxes to 30 percent of GDP, obviously unprecedented in our history; or eliminate most of the rest of the government as we know it. That’s the dilemma that faces us in the long run, Mr. Chairman, and these next 10 years will only be the beginning.”

**– Director Daniel Crippen, Congressional Budget Office
Testimony before the Senate Budget Committee
January 23, 2002**

President Bush's Plan Doesn't Provide Real Stimulus

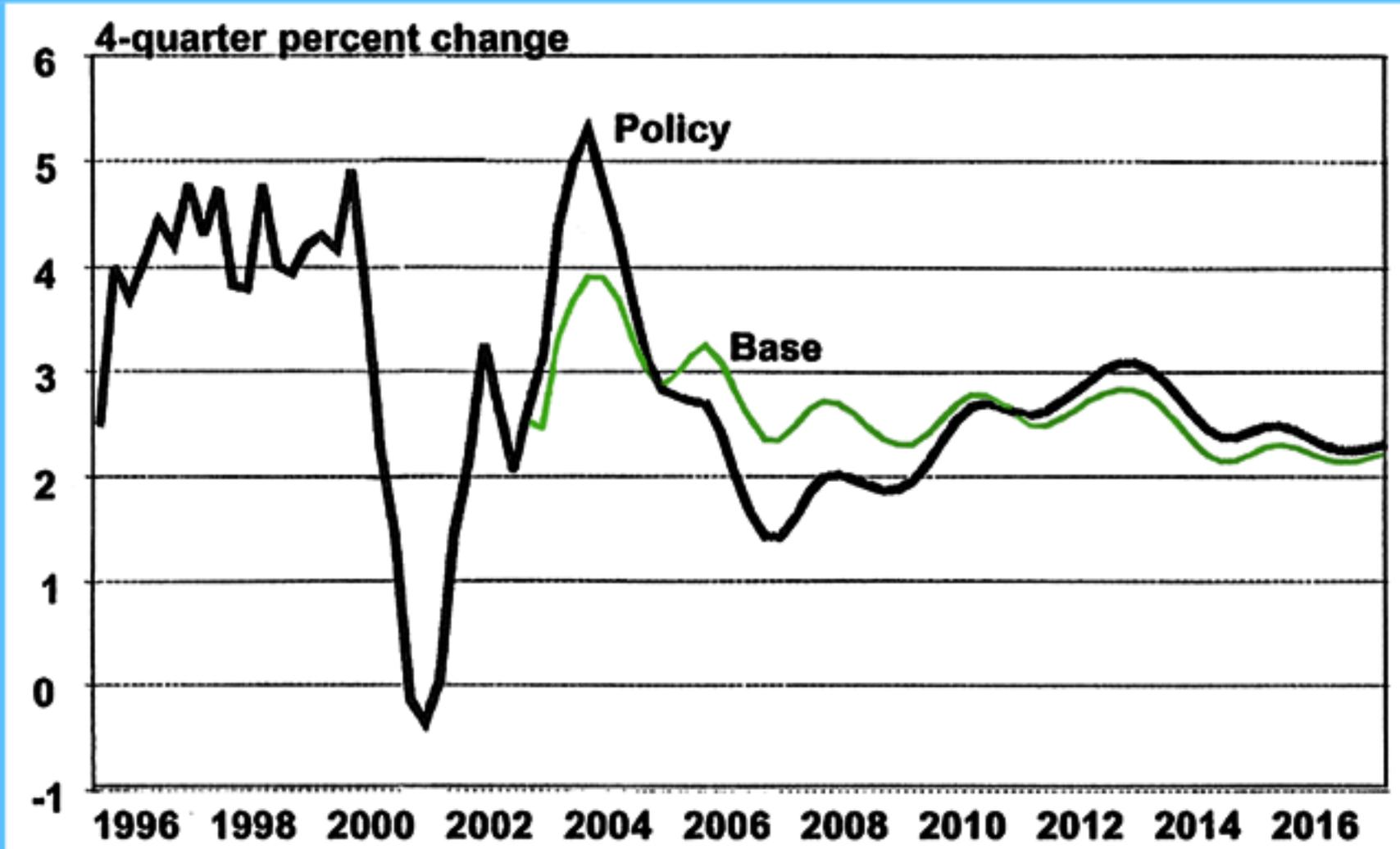
Only 4% of Cost Occurs in 1st Year



Source: CBO

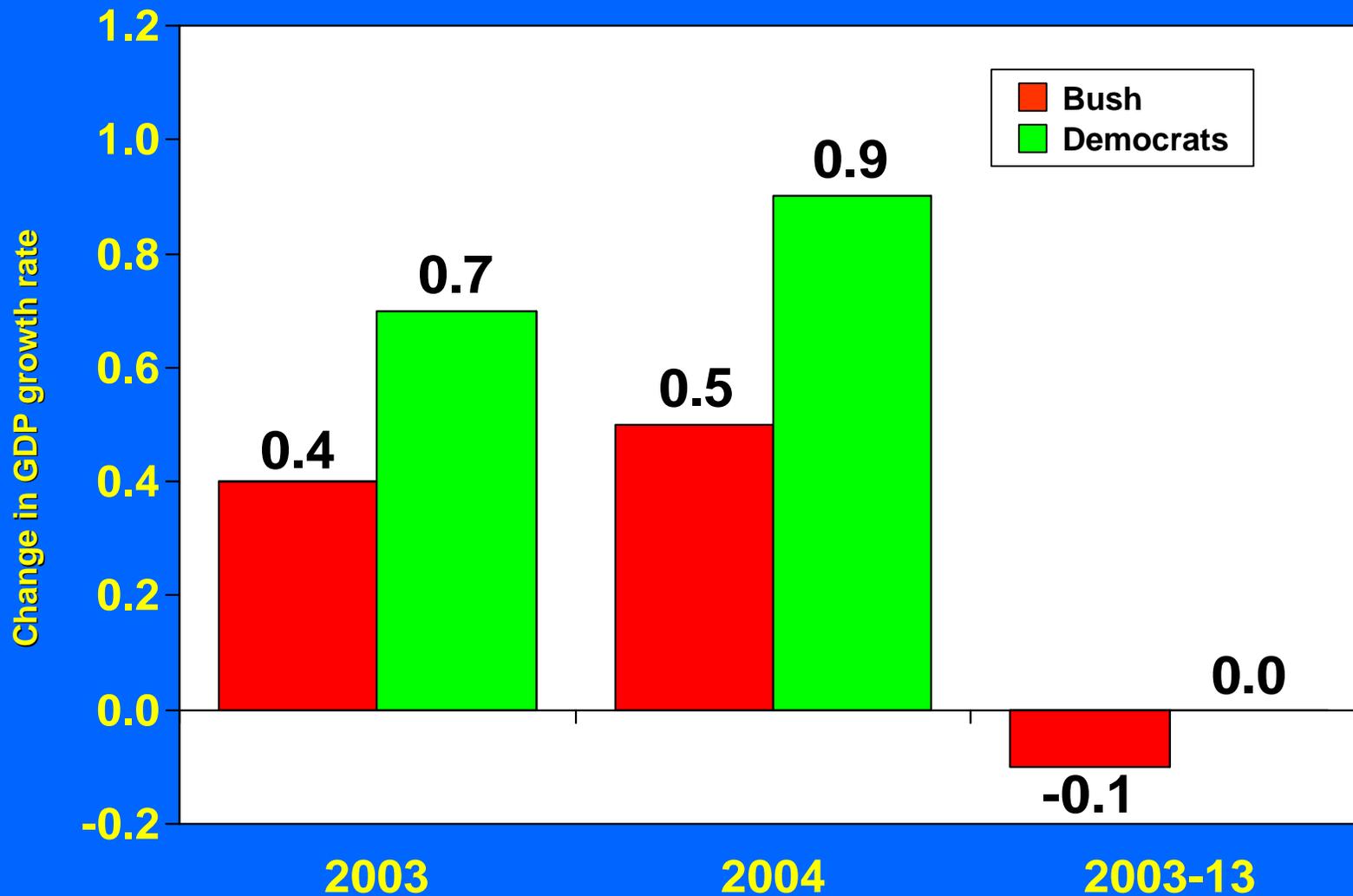
Note: Includes Associated Interest Costs

President's Plan Crowds Out Investment, Slows the Economy After 2004



Source: Macroeconomic Advisers, LLC, January 10, 2003,
"A Preliminary Analysis of the President's Jobs and Growth Proposals"

Democratic Plan Trumps Bush Plan in Both Short and Long Term



Source: Mark Zandi, Economy.com, "The Economic Impact of the Bush and Congressional Democratic Economic Stimulus Plans", February, 2003.

Committee for Economic Development (CED) – Findings –

- Current budget projections seriously understate the problem.
- While slower economic growth has caused much of the immediate deterioration in the deficit, the deficits in later years reflect our tax and spending choices.
- Deficits do matter.
- The aging of our population compounds the problem.

Source: CED Policy Statement, “Exploding Deficits, Declining Growth: The Federal Budget and the Aging of America,” March 2003

“Bush Plan Misreads Economic Realities”

“Our challenge is to allow Americans to keep more of their money,’ the president said in his speech Tuesday. That was a sound argument when the nation was building up a surplus year after year. But our financial outlook has changed for the worse. There’s no money left over to give us back.

“So the government will borrow billions to make good the president’s IOU.

“Americans should be skeptical about the promise of something for nothing. It’s your tax cuts. But it is also your social security, health care, schools and roads. They all suffer when the government has to borrow to meet its daily expenses.”

***–The Virginian-Pilot (Norfolk, VA) editorial
January 9, 2003***

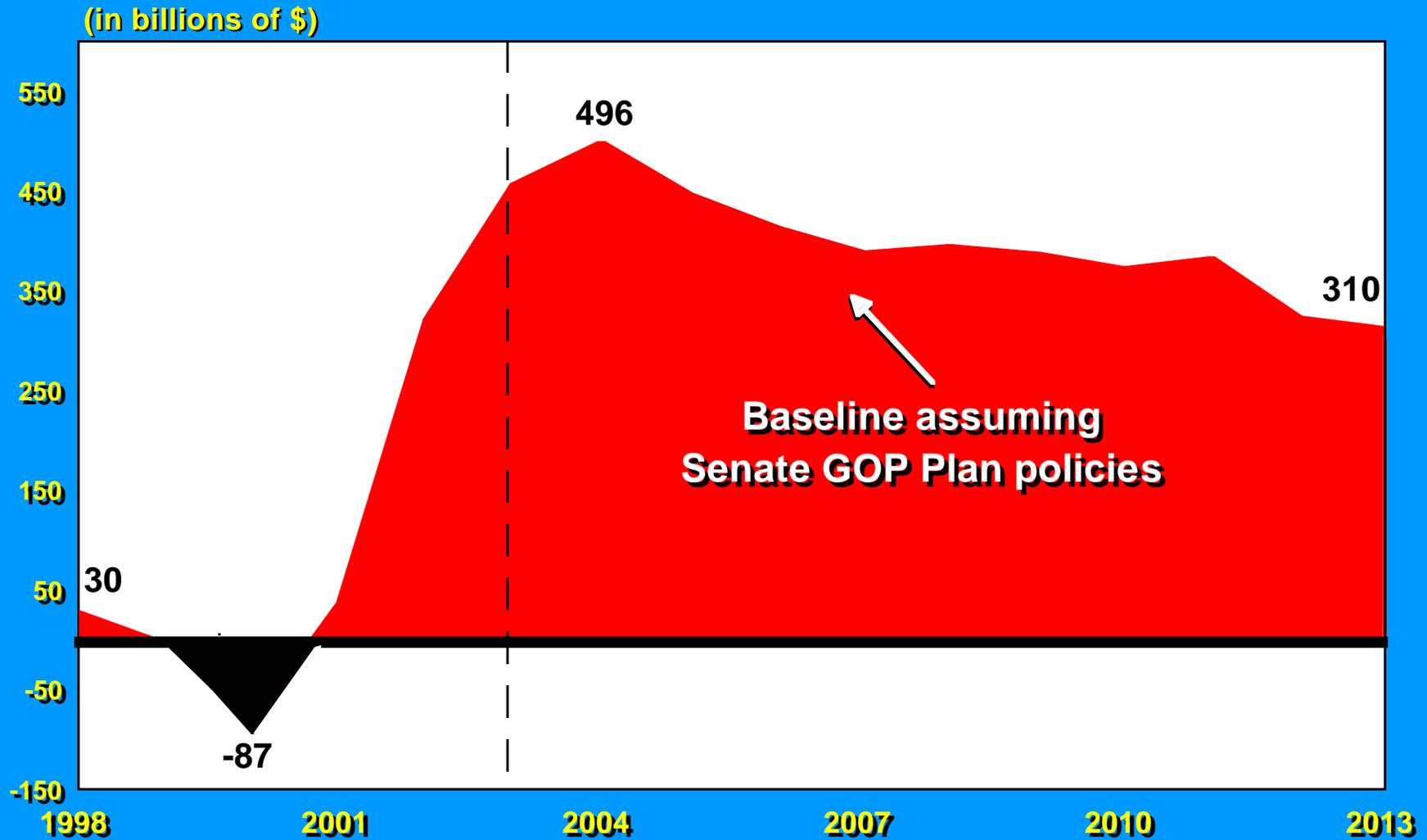
“Now’s not the time to cut taxes”

“War is unpredictable...a long, protracted campaign that triggers counter-attacks by terrorists and Iraqi sympathizers could be hugely expensive. Coupled with giant tax cuts, it could send the budget deficit back into levels not seen in a decade or more, which would stifle growth and hamper investment.

“Congress ought to put the president’s tax plan on the shelf for awhile until it knows better how the men and women in uniform are going to be spending their year.”

***–Deseret News (Salt Lake City, UT) editorial
January 8, 2003***

SkYROCKETING Deficits Under Senate GOP Plan* (Without Social Security)

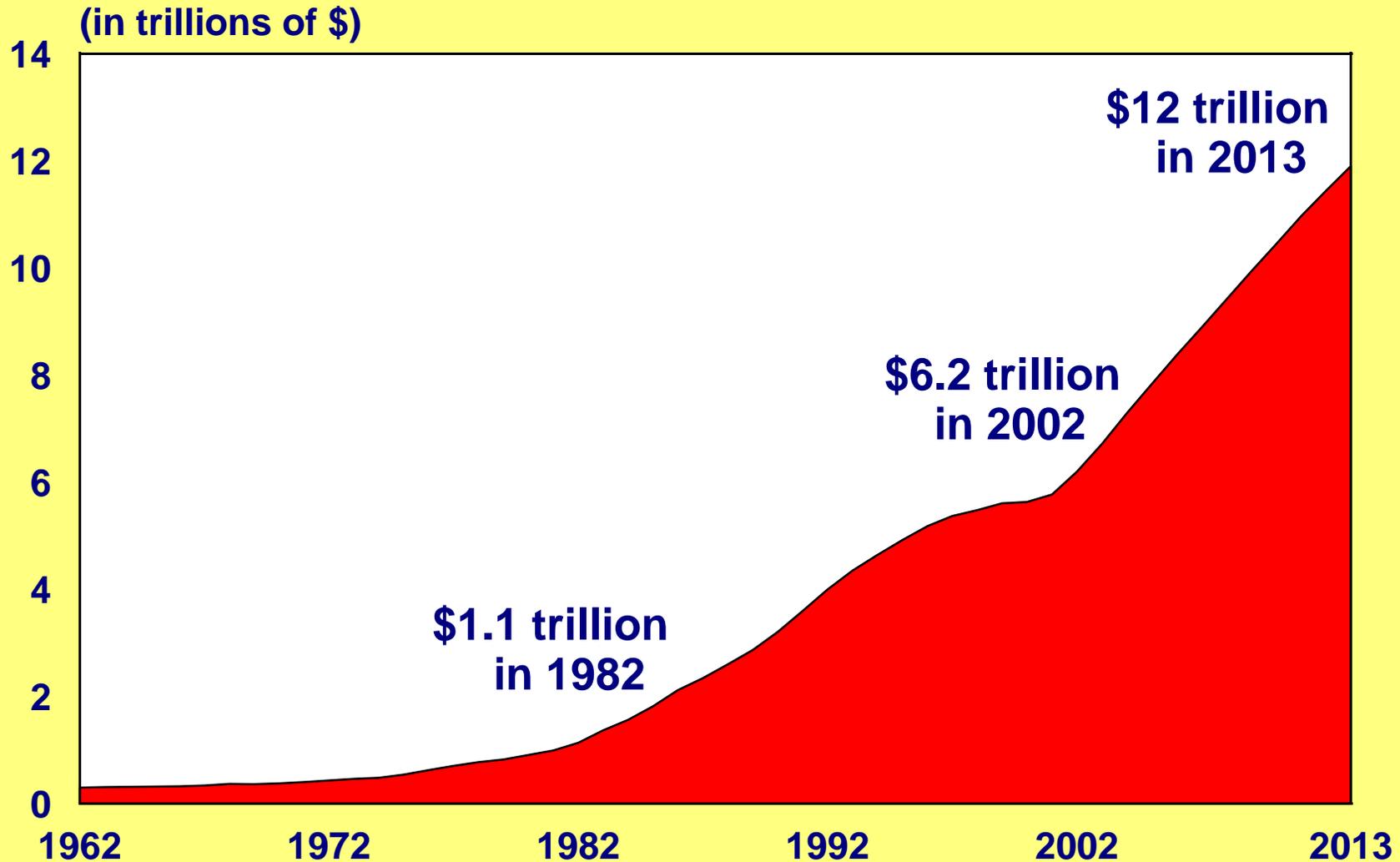


*As amended
Source: CBO

March 24

Gross Federal Debt

Assuming Enactment of Senate GOP Plan*



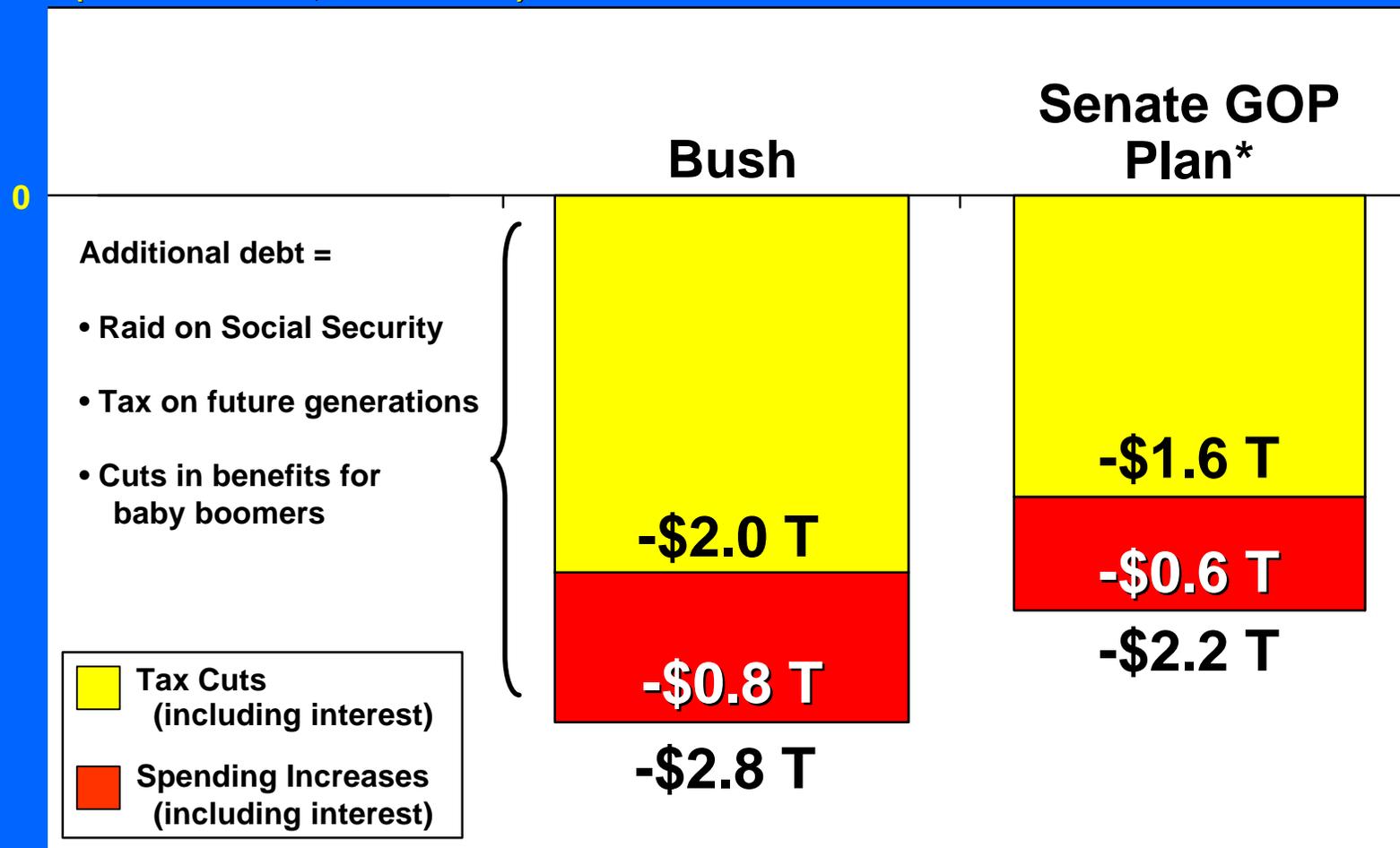
*As amended

Source: CBO, Senate Budget Committee

March 24

Bush and Senate GOP Plans Add Trillions to Debt

(FYs 2003-2013, \$ in trillions)



*As amended

Source: Senate Budget Committee

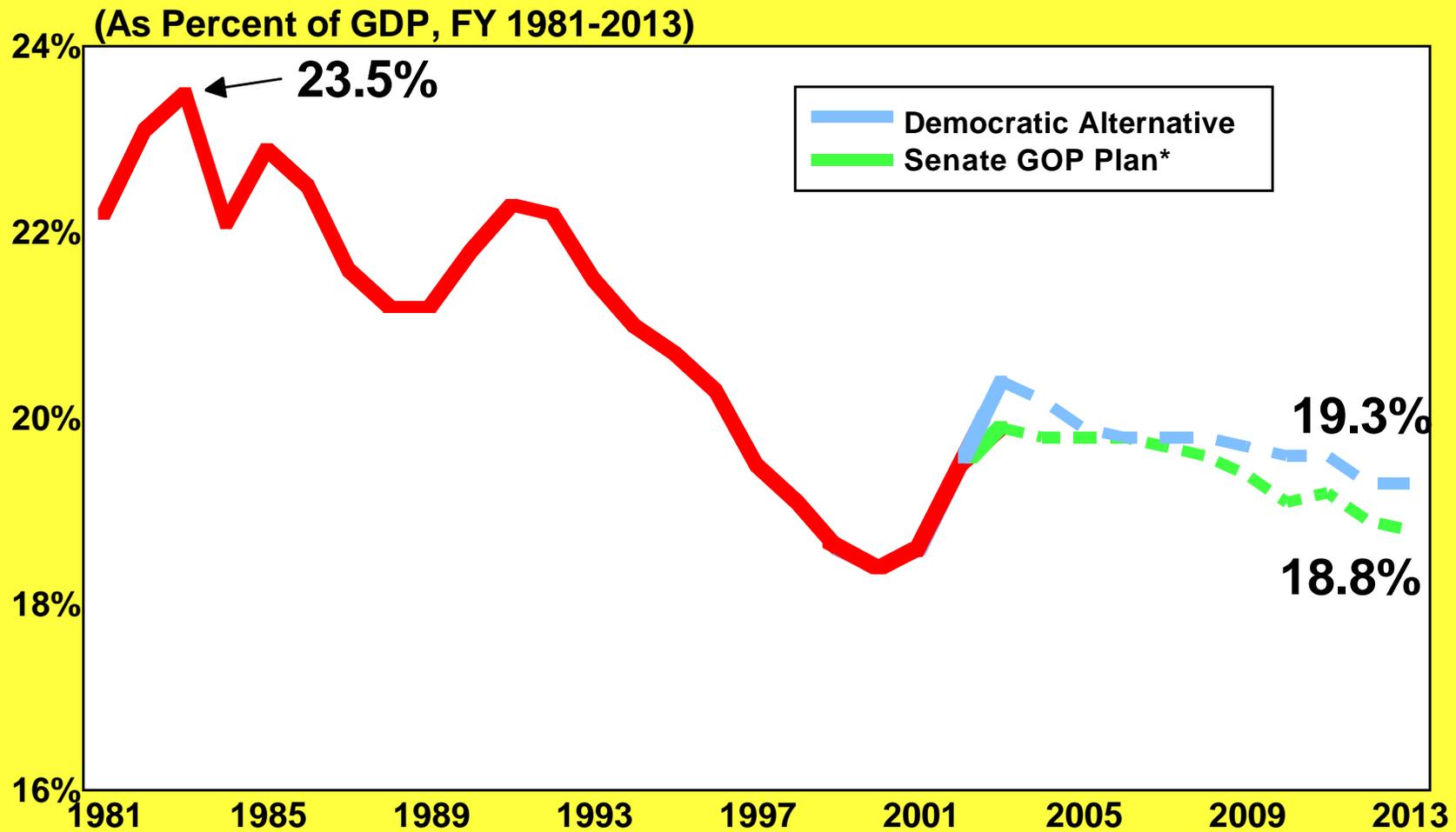
Comparison of Bush, Senate GOP, and Democratic Alternative Budgets (Fiscal Years 2003 – 2013, Amounts above Baseline)

	Bush Budget	Senate GOP*	Democratic Alternative
Tax Cuts	1.6 T	1.3 T	61 B
Iraq War 2003 Supplemental	0	0	80 B
Homeland Security	22 B	26 B	80 B
Prescription Drug Benefit	400 B	400 B	594 B
Education (IDEA)	0	0	73 B
Transportation Infrastructure	-18 B	27 B	71 B
Veterans	0	0	13 B
Deficits	2.1 T	1.6 T	863 B
Year Reaching Balance	Never	2012	2011

*As amended

Source: OMB, CBO, and Senate Budget Committee

Comparison of Federal Spending Under Senate GOP Plan and Democratic Alternative



*As amended

Source: CBO and Senate Budget Committee